

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Employers Security Insurance Company)
12911 North Meridian Street, Suite 100)
Carmel, Indiana 46032)

Examination of Employers Security Insurance Company

NOTICE OF ENTRY OF ORDER

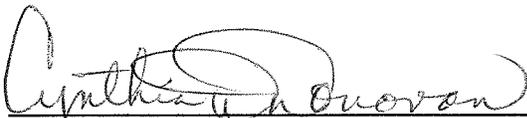
Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of **Employers Security Insurance Company**, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on March 7, 2011, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of **Employers Security Insurance Company** shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

4/28/2011

Date



Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4443 8042

STATE OF INDIANA) BEFORE THE INDIANA
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COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
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Employers Security Insurance Company)
12911 North Meridian Street, Suite 100)
Carmel, Indiana 46032)

Examination of Employers Security Insurance Company

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the **Employers Security Insurance Company** (hereinafter "Company") for the time period January 1, 2005 through December 31, 2009.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on February 8, 2011.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on March 7, 2011 and was received by the Company on March 10, 2011.

The Company did not file any objections.

NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the **Employers Security Insurance Company** as of December 31, 2009.
2. That the Examiners' Recommendations are reasonable and necessary in order for the **Employers Security Insurance Company** to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed and Sealed this 23th day of April, 2011.


Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

EMPLOYERS SECURITY INSURANCE COMPANY

NAIC Co. CODE 32005

As of

December 31, 2009

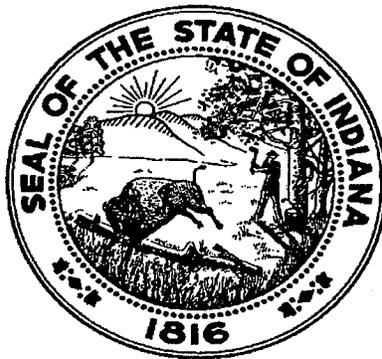


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STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300
INDIANAPOLIS, INDIANA 46204-2787
TELEPHONE: (317) 232-2385
FAX: (317) 232-5251

Stephen W. Robertson, Commissioner

February 9, 2011

Honorable Joseph Torti, III
Chair, NAIC Financial Condition (E) Committee, NAIC
Superintendent, State of Rhode Island Department of Business Regulation
Division of Insurance
1511 Pontiac Avenue, Building 69-2
Cranston, Rhode Island 02920

Honorable Stephen W. Robertson
Commissioner, Indiana Department of Insurance
Secretary, Midwestern Zone
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioners:

Pursuant to the authority vested in Appointment Number 3650, an examination has been made of the affairs and financial condition of:

Employers Security Insurance Company
12911 North Meridian Street, Suite 100
Carmel, Indiana 46032

an Indiana domiciled stock, property and casualty insurance company hereinafter referred to as the "Company". The examination was conducted at the Company's administrative office located in Lancaster, Pennsylvania.

The Report of Examination, reflecting the status of the Company as of December 31, 2009, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES
(317) 232-2390

MEDICAL MALPRACTICE
(317) 232-2402

SECURITIES / COMPANY RECORDS
(317) 232-1991

SCOPE OF EXAMINATION

Employers Security Insurance Company ("the Company") or ("ESIC") was last examined by representatives of the Indiana Department of Insurance ("IDOI") as of the period ending December 31, 2004. The present examination was conducted by Noble Consulting Services, Inc. ("NCS") and covered the period from January 1, 2005, through December 31, 2009, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

Merlinos & Associates, Inc. was appointed by the IDOI and conducted a review of the Company's statutory reserves as of December 31, 2009. There were no actuarial adjustments or recommendations resulting from the review performed by Merlinos & Associates, Inc.

We conducted our examination pursuant to and in accordance with the 2010 NAIC *Financial Condition Examiners Handbook* ("Handbook"). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles, and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The working papers prepared by PricewaterhouseCoopers, LLP, the Company's auditors, in their audit of the Company's accounts for the year ended December 31, 2009, were reviewed. A portion of the auditor's working papers have been incorporated into the working papers of the examiners and have been utilized for the purposes of this examination in accordance with the provisions contained in the Handbook.

Additionally, Noble conducted a review of information systems controls. Although no material findings were noted, a detailed report of specific recommendations was provided to management.

HISTORY

The Company was incorporated on June 24, 1992, under the laws of the State of Indiana and commenced business on September 23, 1992. Effective September 29, 2008, Eastern Insurance Holdings, Inc. ("EIHI") acquired all outstanding stock of the Company, which was principally owned by a group of independent insurance agents located throughout Indiana. EIHI is a publicly traded insurance holding company domiciled in the Commonwealth of Pennsylvania. The Company is a member of Eastern Alliance Insurance Group ("EAIG"). In addition, EAIG includes three (3) Pennsylvania-domiciled workers' compensation insurance companies, Eastern Alliance Insurance Company ("Eastern Alliance"), Allied Eastern Indemnity Company ("Allied Eastern"), and Eastern Advantage Assurance Company ("Eastern Advantage"). All four (4) companies are party to an inter-company pooling reinsurance agreement whereby covered business is allocated among the members of EAIG based on pre determined allocation percentages.

CAPITAL AND SURPLUS

As of December 31, 2009, the Company had 1,000 shares of \$2,000 par value common stock authorized and 600 shares issued and outstanding. The Company paid the following dividends during the examination period:

<u>Year</u>	<u>Amount</u>
2009	\$ -
2008	348,493
2007	837,824
2006	757,660
2005	684,561

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact insurance business in Illinois, Missouri, and Indiana. The Company primarily writes workers compensation and employers' liability coverages in Indiana with marketing conducted through independent agents. Targeted markets include small to medium size risks and large employers interested in large loss-sensitive workers compensation products. The Company also underwrites a small book of surety business which is comprised of notary bonds and miscellaneous license and permit bonds.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Surplus</u>	<u>Premiums Earned</u>	<u>Net Income</u>
2009	\$ 29,366,377	\$ 18,662,588	\$ 10,703,789	\$ 9,298,176	\$ 2,826,224
2008	23,925,214	15,873,330	8,051,883	9,360,451	1,844,637
2007	21,413,885	14,606,507	6,807,379	9,132,975	2,225,652
2006	19,424,220	14,118,404	5,305,817	8,100,321	1,251,118
2005	16,832,233	12,378,088	4,454,146	7,155,730	1,045,564

The Company has experienced a steady increase in assets and liabilities during the years under examination. The primary drivers of the increases are premium writings and favorable development of the losses over the years.

In addition, the participation in the pooling agreement with EAIG attributed to the improvement of the Company's loss and combined ratios.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors. The shareholders, at the annual meeting, elect the members of the Board of Directors who shall serve for a term of one (1) year.

The following is a listing of persons serving as directors at December 31, 2009:

<u>Name and Residence</u>	<u>Principal Occupation</u>
Lawrence William Bitner	Deceased on March 26, 2010
Ronald Lee King Kingwood, TX	Independent Consultant
William Lloyd Snyder III Havenford, PA	Snyder & Company Principal Owner
Michael Leonard Boguski Lebanon, PA	Eastern Alliance, Allied Eastern, Eastern Advantage, and Employers Security Director, President, and COO
Robert Morris McAlaine Bryn Mawr, PA	Retired
Charles Hall Vetterlein Jr. Villanova, PA	Willis of Pennsylvania Managing Partner
Paul Robert Burke Bronxville, NY	Northaven Management, Inc. Vice President
Scott Carter Penwell Enola, PA	Stevens & Lee, P.C. Shareholder
Mike Michael Carmel, IN	Employers Security Insurance Company Vice President
Bruce Matthew Eckert Wyndmoor, PA	Eastern Alliance, Allied Eastern, Eastern Advantage, and Employers Security CEO and Director
John Osborne Shirk Lititz, PA	Barley Snyder, LLC Partner

Officers

The Company's Bylaws state the officers of the Company, who shall be chosen by the Board of Directors, shall consist of a Chairman of the Board of Directors, President, Secretary, Treasurer, and such other officers necessary to conduct the business of the Company. The President shall be chosen from among the directors. The same person may hold any two or more offices, except the President and the Secretary. The following is a list of key officers and their respective titles as of December 31, 2009:

<u>Name</u>	<u>Office</u>
Bruce Matthew Eckert	Chief Executive Officer
Scott Carter Penwell	Corporate Secretary
Kevin Merrick Shook	Treasurer & Chief Financial Officer
Michael Leonard Boguski	President & Chief Operating Officer
Robert Anthony Gilpin	Senior Vice President
Suzanne Marie Emmet	Senior Vice President
Cynthia Houser Sklar	Vice President
Mike Michael	Vice President
Brent Lamar Shirk	Vice President

CONFLICT OF INTEREST

The Company requires officers and directors to review and sign Conflict of Interest statements on an annual basis. Signed statements for officers and directors serving in 2009 were reviewed without exception.

OATH OF OFFICE

Indiana Code ("IC") 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the corporation and will not knowingly violate any of the laws applicable to such corporation. The Company's directors did not sign an Oath of Office in 2009. See "Other Significant Issues".

CORPORATE RECORDS

Articles of Incorporation and Bylaws

No amendments were made to the Articles of Incorporation and Bylaws during the period under examination.

Minutes

The Board of Directors and Shareholders meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. The annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The following organizational chart illustrates the direct holding company structure as of December 31, 2009:

Eastern Insurance Holdings, Inc.
Global Alliance Holdings, Ltd.
d/b/a Eastern Alliance Insurance Group
Eastern Alliance Insurance Co., PA
Allied Eastern Indemnity, PA
Eastern Advantage Assurance Co., PA
Employers Security Insurance Company - IN 32005
Employers Alliance, Inc.

Affiliated Agreements:

The Company did not file its affiliated agreements with the IDOI as required, in accordance with IC 27-1-23-4. See "Other Significant Issues".

Management Services Agreement

The Company is party to a management services agreement with Eastern Services Corporation ("Eastern Services"), in which Eastern Services provides certain services including, but not limited to, accounting, tax, information systems, marketing, human resources, and building administration to the Company. The Company incurred charges under this agreement totaling \$361,434 in 2009.

Quota Share Reinsurance Agreement

The Company maintains quota share reinsurance agreement with its affiliate, Eastern Re Limited ("Eastern Re"), in which Eastern Re assumes 100% of the premium written on the Company's alternative market program. The Company charges a fronting fee for such alternative market programs. Fronting fees received by the Company under these programs totaled \$12,546 in 2009 and have been recorded as a

reduction to other underwriting expenses.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by St. Paul Fire and Marine Insurance Company. The bond has single loss limit of \$1,000,000 with a deductible of \$25,000. The fidelity bond is adequate to meet the prescribed minimum coverage specified by NAIC.

The Company had additional types of coverage in-force at December 31, 2009, including, but not limited to, business property insurance, commercial auto liability, worker's compensation insurance, and commercial umbrella liability.

STATUTORY AND SPECIAL DEPOSITS

The Company reported the following statutory deposits comprised of United States Treasury Notes and Bonds at December 31, 2009:

	<u>Book/ Adjusted Carrying Value</u>	<u>Fair Value</u>
For all Policyholders:		
Indiana	\$1,545,792	\$1,553,771
All Other Special Deposits:		
Missouri	350,473	353,459
Total Deposits	<u>\$ 1,896,265</u>	<u>\$ 1,907,230</u>

REINSURANCE

Certain member companies of Eastern Alliance Insurance Group participate in a reinsurance pooling arrangement. This arrangement provides that premiums, loss expenses, underwriting expenses, premiums in the course of collection and reinsurance recoverable on loss payments of the companies, net of reinsurance with non-affiliates, be pooled and then allocated to each company based on percentages outlined in the arrangement. Premiums excluded from this agreement include premiums assumed from participation in mandatory pools and business classified as alternative markets. Member companies of the group, pooling percentages, and state of domicile are listed below:

<u>Company Name</u>	<u>Percentage Share</u>
Eastern Alliance Insurance Company (PA)	61%
Allied Eastern Indemnity Company (PA)	13%
Eastern Advantage Assurance Company (PA)	13%
Employers Security Insurance Company (IN)	<u>13%</u>
Combined Pool Total	<u>100%</u>

RESERVES

Arthur I. Cohen, ACAS, MAAA, of Ernst & Young LLP was retained as the consulting actuary for the Company to render an opinion on the statutory-basis loss and loss adjustment expense reserves of the Company for the year ended December 31, 2009.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining loss reserves and related items, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials as of December 31, 2009. In forming the opinion, listings and summaries of policies and contracts and other liabilities in force prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. In other respects, the examination included such review of the actuarial assumptions and methods used and such tests of the calculations as considered necessary.

The 2009 opinion, stated that the balances of statutory-basis loss and loss adjustment expense reserves 1) make a reasonable provision in the aggregate for all unpaid losses and loss adjustment expenses, gross and net as to reinsurance ceded, under the terms of the Company's contracts and agreements; 2) are consistent with estimates of unpaid losses and loss adjustment expenses computed in accordance with standards and principles established by the Actuarial Standards Board; 3) are computed on the basis of similar general methods as used at December 31, 2008; 4) meet the requirements of the insurance laws of Indiana.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2009, and 2008, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2005, through December 31, 2009, were agreed to each year's independent audit report with no material exceptions noted. The Examiners determined the Company's accounting procedures, practices, and account records were satisfactory.

EMPLOYERS SECURITY INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

	As of December 31, 2009			December 31, Prior Year
	Per Annual Statement	Examination Adjustments	Per Examination	
Assets:				
Bonds	\$ 13,276,715	\$ -	\$ 13,276,715	\$ 12,743,429
Common stocks	187,500	-	187,500	907,349
Cash, cash equivalents, and short term investments	10,106,564	-	10,106,564	3,284,742
Subtotals, cash and invested assets	23,570,779	-	23,570,779	16,935,520
Investment income due and accrued	115,445	-	115,445	188,795
Uncollected premiums and agents' balances in course of collection	332,638	-	332,638	2,885,296
Deferred premiums, agents' balances and installments booked but deferred and not yet due	3,693,608	-	3,693,608	1,763,975
Amounts recoverable from reinsurers	24,950	-	24,950	184,183
Other amounts receivable under reinsurance contracts	-	-	-	282,754
Net deferred tax asset	410,374	-	410,374	679,229
Electronic data processing equipment and software	59,030	-	59,030	108,772
Receivables from parent, subsidiaries and affiliates	366,316	-	366,316	13,374
Aggregate write-ins for other than invested assets	793,237	-	793,237	883,316
Total assets	\$ 29,366,377	\$ -	\$ 29,366,377	\$ 23,925,214

EMPLOYERS SECURITY INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

	As of December 31, 2009			December 31, Prior Year
	Per Annual Statement	Examination Adjustments	Per Examination	
Liabilities:				
Losses	\$ 5,554,778	\$ -	\$ 5,554,778	\$ 6,563,218
Reinsurance payable on paid losses and loss adjustment expenses	1,436,831	-	1,436,831	5,601
Loss adjustment expenses	1,039,198	-	1,039,198	876,643
Commissions payable, contingent commissions and other similar charges	515,531	-	515,531	486,267
Other expenses	911,744	-	911,744	142,764
Taxes, licenses and fees	209,867	-	209,867	89,033
Current federal and foreign income taxes	1,254,625	-	1,254,625	420,856
Borrowed money	43,823	-	43,823	-
Unearned premiums	4,887,168	-	4,887,168	3,570,620
Advance premium	18,168	-	18,168	82,602
Ceded reinsurance premiums payable	1,057,498	-	1,057,498	1,152,844
Amounts withheld or retained by company for account of others	1,538,927	-	1,538,927	2,321,912
Remittances and items not allocated	143,272	-	143,272	104,424
Drafts outstanding	1,699	-	1,699	-
Payable to parent, subsidiaries and affiliates	-	-	-	56,546
Aggregate write-ins for liabilities	49,459	-	49,459	-
Total liabilities	18,662,588	-	18,662,588	15,873,330
Common capital stock	1,200,000	-	1,200,000	1,200,000
Gross paid in and contributed surplus	6,901,026	-	6,901,026	6,901,026
Unassigned funds (surplus)	2,602,763	-	2,602,763	(49,143)
Total capital and surplus	10,703,789	-	10,703,789	8,051,883
Total liabilities, capital and surplus	\$ 29,366,377	\$ -	\$ 29,366,377	\$ 23,925,213

EMPLOYERS SECURITY INSURANCE COMPANY

FINANCIAL STATEMENTS

Statement of Income

	As of December 31, 2009			December 31, Prior Year
	Per Annual Statement	Examination Adjustments	Per Examination	
Premiums earned	\$ 9,298,176	\$ -	\$ 9,298,176	\$ 9,360,451
DEDUCTIONS				
Losses incurred	1,961,653	-	1,961,653	3,673,524
Loss adjustment expenses incurred	1,431,915	-	1,431,915	621,524
Other underwriting expenses incurred	2,831,765	-	2,831,765	3,127,695
Total underwriting deductions	6,225,333	-	6,225,333	7,422,743
Net underwriting gain	3,072,843	-	3,072,843	1,937,708
INVESTMENT INCOME				
Net investment income earned	506,090	-	506,090	594,333
Net realized capital gains (losses) less capital gains tax	19,700	-	19,700	(285,375)
Net investment gain	525,790	-	525,790	308,958
OTHER INCOME				
Net gain (loss) from agents' or premium balances charged off	(42,566)	-	(42,566)	2,866
Finance and service charges not included in premiums	570,218	-	570,218	335,878
Aggregate write-ins for miscellaneous income	-	-	-	5,560
Total other income	527,652	-	527,652	344,304
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income tax	4,126,285	-	4,126,285	2,590,970
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income tax	4,126,285	-	4,126,285	2,590,970
Federal and foreign income tax incurred	1,300,061	-	1,300,061	746,333
Net income	2,826,224	-	2,826,224	1,844,637
CAPITAL AND SURPLUS ACCOUNT				
Surplus as regards policyholders, December 31 prior year	8,051,887	-	8,051,887	6,807,380
Net income	2,826,224	-	2,826,224	1,844,637
Change in net unrealized capital gains or (losses) less capital gains tax	200,854	-	200,854	(315,657)
Change in net deferred income tax	449	-	449	(97,172)
Change in nonadmitted assets	(375,625)	-	(375,625)	161,192
Dividends to stockholders	-	-	-	(348,493)
Change in surplus as regards policyholders for the year	2,651,902	-	2,651,902	1,244,507
Surplus as regards policyholders, December 31 current year	\$ 10,703,789	\$ -	\$ 10,703,789	\$ 8,051,887

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2009, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

Oath of Office

The Company should ensure that all directors take and subscribe an oath of office upon election in compliance with IC 27-1-7-10(i).

Affiliated Agreements

The Company should submit to the IDOI related party agreements pursuant to IC 27-1-23-4. In addition, the Company should disclose such agreements in the Form B.

SUBSEQUENT EVENTS

There were no significant subsequent events noted after year end December 31, 2009, that would impact the financial statements.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a completed management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to the IDOI.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with staff assistance from Noble Consulting Services, Inc. and actuarial assistance from Merlinos & Associates, Inc., hereinafter collectively referred to as the "Examiners", performed an examination of **Employers Security Insurance Company**, as of **December 31, 2009**.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the 2010 NAIC Financial Condition Examiner's Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached report of examination is a true and complete report of condition of **Employers Security Insurance Company**, as of **December 31, 2009**, as determined by the undersigned.



Lisa A. Warrum, CFE
Noble Consulting Services, Inc.

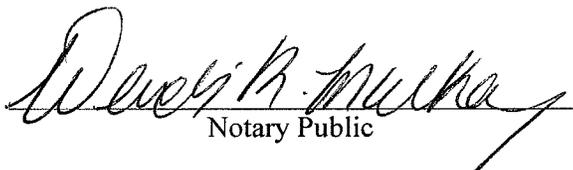
State of:
County of:

On this 9 day of February, 2011, before me personally appeared, Lisa A. Warrum, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires:

3/1/18


Notary Public